FOREIGN AGRICULTURE

Harvesting grain in the USSR

New Soviet Plan
Egypt Looks West For Food

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Harvesting grain in the northern Kazakhstan region of the USSR. Grain production is to be stressed in the USSR's new 5-year plan, discussed in article begininng on this page.

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Trade shift indicated

New Soviet Plan Stresses Slower Livestock Gains

By DAVID M. SCHOONOVER
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THE SOVIET UNION may boost its livestock product imports in the future —while returning to more normal levels of grain trade—if goals of its draft 5-year plan for 1976-80 are realized.

This Tenth Five-Year Plan (FYP)[1]—published on the heels of the biggest USSR grain shortfall in recent history—indicates that the USSR has lowered its planned rate of expansion in livestock output so that grain production can catch up with demand. Should goals of the plan be met, USSR dependence on grain imports might decline, while its imports of livestock products, and possibly oilseeds and their products, might increase.

During the 4 years prior to 1975/76, Soviet imports of grain from all sources averaged about 12 million tons per year. The new plan aims at reducing these imports, apparently even if it requires imports of the end products of livestock feeding instead of the grain itself. Whether these goals can be achieved, however, hinges on the extent to which Soviet consumer demand can be restrained and on much better grain growing weather than has occurred in the past 5 years.

Otherwise, the plan is distinguished by a lowering of sights from the USSR's usual lofty goals. Restrained progress—in some ways even austerity—appears to be the general theme, with increases again programmed for most areas, including agriculture, but much less ambitious than those planned in the past.

Specific commodity provisions of the plan focus strongly on expanding production of feed, including not only the grains but also high protein crops and roughages. Detailed Government procurement targets on most crops indicate that, except for cotton, average 1976-80 goals do not vary greatly from the original 1975 targets.

[1] **Published in *Pravda*, December 14, 1975.**

Grain production during 1976-80 is to average 215-220 million tons, or 35-40 million tons more than the 1971-75 average. However, the latter average was reduced by the drought-affected 1975 crop—the worst relative shortfall in the post-World War II period. With normal weather in 1975, production during 1971-75 would have averaged about 195 million tons.

Consequently, only about 20-25 million tons of output in 1976-80 will have to be derived from increased inputs and improved technology. This is not an unreasonable goal, and there is a good chance that production could average 215 million tons, provided that weather in the next 5 years is considerably better for USSR crops than it was in 1970-75.

An extrapolation of the 1955-74 yield trend on an area of 125 million hectares would permit attainment of the midpoint of the grain goal. Area has slightly exceeded 125 million hectares since 1972.

The draft plan encourages maximum expansion of seedings of feed peas, lupines, alfalfa, and other high-protein crops. It also calls for the organization of soybean production on irrigated lands in the southern part of the RSFSR (Russian Federation), the Ukraine, Moldavia, and Transcaucasus.

THE PLAN recommends enlarged production of roughage feeds to cover needs of both the socialized sector and the private livestock holdings. Each farm is expected to establish a feed reserve. Expansion of irrigated pastures and meadows is planned.

Despite the future attention slated for feed production, planned growth of livestock output is weak. The 1976-80 average goals for meat and milk are only slightly above original 1971-75 goals. Meat and milk procurement targets are about the same as those first

established for 1975.

Even compared with actual accomplishments during the past 5 years, meat production is planned to rise only 6 to 11 percent and milk only 7 to 10 percent. With an expected population growth of about 5 percent, the planned per capita gain in production over the 5 years is 1 to 6 percent for meat and 2 to 5 percent for milk.

In the livestock areas, targeted growth is strongest in egg production, but some slowdown apparently is planned there also. The low milk growth target may represent a more realistic assessment of output opportunities given the current dairy herd potential.

The low meat production target undoubtedly assumes a substantial drop in production during the first part of the FYP as a result of distress slaughter and reduced breedings in 1975.

A key question is how well the livestock goals match up with prospective feed production. Only a tentative conclusion can be drawn from the information now available.

Attainment of the grain production target could leave an average of about 115 million tons for feed use annually and still permit a moderate rebuilding of stocks. Specific targets are not available for each type of feed, nor are they available for meat production by type of livestock or poultry.

Based on assumptions about distribution of meat by type and on availability projections for roughages and other feeds (largely linear extrapolations of past performance), however, a preliminary conclusion can be made: The livestock and feed production plans generally are consistent. If the Soviets hold to the livestock targets and if weather permits attainment of expected feed production, the USSR could approach self-sufficiency in feeds.

One immediate consequence of these low livestock goals could be a holding down of prospects for grain trade with the USSR. Future Soviet grain imports seem likely to be affected most strongly by:

- Present and long-term commitments to import grain;
- Effects of year-to-year weather variability on grain output;
- Decisions concerning USSR grain reserve stockpiling;
- The pace of livestock herd rebuild-

USSR GOVERNMENT PROCUREMENTS OF AGRICULTURAL PRODUCTS, AVERAGES, 1966-74 AND PLANS 1971-80

Item	Actual		Plan		
	1966-70	1971-74	1975[1]	1971-75	1976-80
	Million met. tons	*Million met. tons*	*Million met. tons*	*Million met. tons*	*Million met. tons*
Crops:					
Grain	66.0	72.0	87.0	81.0	90.0
Cotton	6.1	7.6	7.2	6.8	8.5
Sugarbeets	74.1	69.4	87.0	82.5	89.5
Sunflowerseeds	4.7	4.7	5.9	5.6	6.0
Flax fiber	.42	.42	.54	.50	.51
Potatoes	10.9	12.3	16.0	14.4	([3])
Vegetables	9.4	12.9	16.0	13.5	17.0
Fruit and berries	2.4	3.6	5.5	4.2	([3])
Grapes	3.1	3.2	5.4	4.6	5.4
Livestock products:					
Livestock (liveweight)	11.6	15.0	17.7	15.4	17.4
Milk	43.2	51.1	60.1	53.8	60.5
Wool[2]	.41	.47	.52	.48	.51
	Bil. pieces	*Bil. pieces*	*Bil. pieces*	*Bil. pieces*	*Bil. pieces*
Eggs[3]	14.4	26.1	28.7	23.9	34.3

[1] Original Five-Year Plan goals. [2] Accounting weight. [3] Not available.

USSR INVESTMENTS AND INPUTS IN AGRICULTURAL PRODUCTION, 5-YEAR TOTALS, 1966-75, AND PLANS, 1971-80

Item	Quantity or value				Increase over previous 5 years			
	Actual		Plan		Actual		Plan	
	1966-70	1971-75	1971-75	1976-80	1966-70	1971-75	1971-75	1975-80
	Billion rubles	*Billion rubles*	*Billion rubles*	*Billion rubles*	*Percent*	*Percent*	*Percent*	*Percent*
Capital investments:	82.2	131.5	128.6	171.7	69	60	56	31
Government	48.6	[1]83.7	83.1	115.7	75	[1]72	71	38
Collective farms	33.6	[1]47.8	45.5	56.0	62	[1]42	35	17
Agricultural machinery:	*Thous.*	*Thous.*	*Thous.*	*Thous.*				
Tractors	1,467	[2]1,700	1,700	1,900	34	[3]16	16	[3]12
Trucks	717	[2]1,100	1,100	1,350	71	[3]53	53	[3]23
Grain combines	469	[4]450	543	538	21	—4	16	20
	Billion rubles	*Billion rubles*	*Billion rubles*	*Billion rubles*				
Livestock equipment	2.8	15.8	6.5	10.3	36	74	132	46
Other equipment	6.3		9.0	12.7			43	
	Million hectares	*Million hectares*	*Million hectares*	*Million hectares*				
Land improvement:[5]								
Irrigation	1.8	4.5	3.2	4.0	24	150	78	—11
Drainage	3.9	4.4	5.0	4.7	38	13	28	7
	Million tons	*Million tons*	*Million tons*	*Million tons*				
Chemical inputs:								
Fertilizers (end year)[6]	45.6	75.6	75	[7]120	69	66	64	59
Pesticides (end year)[6]	.29	.44	.42	.63	48	51	45	43
Mixed feed production (end year)[8]	23.7	([9])	34.9	53	53	([9])	47	50

[1] Calculated from 1971-75 data and 1975 estimated. [2] Rounded data. [3] Because data were rounded, calculated percentage increases may be substantially in error. [4] Includes estimates for 1975. [5] Gross additions to area. [6] Standard gross units. [7] Including 5 million tons of chemical feed additives. [8] State industrial enterprises only. [9] Not available.

ing and the degree to which goals may be exceeded.

The recent signing of the U.S.-USSR grain agreement—providing for yearly exports of 6-8 million tons of U.S. grain to the USSR during 1976-80—puts the United States in a position to continue sizable exports of grain to the USSR. While possibly restrained on the one hand by the reduced USSR livestock herd, these exports could be boosted beyond the 6-8 million ton range when poor weather affects Soviet crops. In addition, the new plan—in calling for increased grain storage capacity and "creation of the necessary reserves of agricultural products"—suggests Soviet policy may elect to bolster grain reserves.

Another factor to be considered is the likelihood of the USSR resuming moderate grain exports to traditional customers in Eastern Europe.

Prospects for U.S. sales of oilseeds or oilseed meal to the Soviet Union, on the other hand, have brightened somewhat as a result of the new USSR plan's emphasis on efficient resource use. Since the USSR seems unlikely to mount a major expansion in production of oilseeds in the next few years, it may well have to turn to the world market for the high-protein feed ingredients needed to improve feed efficiency in the livestock industry.

EVEN THOUGH livestock and feed production plans are consistent, a major inconsistency may still exist in the draft plan for 1976-80. This centers around the relatively strong growth of 16-18 percent planned for wages, as opposed to much more modest planned increases in per capita livestock production—1-6 percent for meat and 2-5 percent for milk.

One research study has suggested that for each 10 percent increase in per capita incomes, demand for meat in the USSR rises about 7 percent and that for butter (still the principal dairy product consumed) increases about 6 percent. Results of this study suggest that the repressed demand for livestock products in the USSR may grow substantially during the remainder of this decade.

The Soviets may consider other alternatives besides livestock product supply increases to satisfy this repressed demand. An increase in retail prices of livestock products is one possibility—but a tentative one, given the USSR policy of maintaining stable retail prices on major foods. A more likely alternative is a substantial boost in Soviet imports of meat and other livestock products. Large meat imports are especially likely in 1976 as production slumps in the USSR owing to reduced herds. It is more difficult to foretell whether the USSR will continue as a major meat importer in subsequent years.

Much of the lessened growth foreseen no doubt can be attributed to 1975's disastrous agricultural results.

The poor 1975 crop sharply lowered gross agricultural output during 1971-75 and is a major restraint on livestock expansion during 1976-80. The 13 percent growth actually achieved in 1971-75 was well below previous performances, and only 14-17 percent growth is planned for 1976-80.

Corresponding to the planned growth in agricultural output, labor productivity is targeted to rise 27 to 30 percent on collective and State farms. This suggests that a decline of roughly 10 percent in agricultural employment is planned for the period.

A sharp slowdown also is planned in the growth rate of agricultural investments. If investment goals are met, the increase during 1976-80 will be about 31 percent, compared with 60 percent during 1971-75 and 69 percent during 1966-70.

Despite the sharp deceleration of investment growth in agriculture, the sector's share of total investments is scheduled to gain slightly. Announced targets suggest that agriculture will receive 27-28 percent of all investments during the 5 years, compared with 26 percent during 1971-75 and only 19-20 percent during the early 1960's.

IN CONTRAST to the greatly decelerating investment increases, fertilizer deliveries to agriculture are planned to grow at nearly the same rapid rates evident during 1971-75. By 1980, supplies in terms of gross standard units are expected to reach 115 million tons of fertilizer and 5 million tons of related chemical feed additives—alltold, about three-fifths over the 1975 levels. Fertilizer production (including feed additives) is planned to reach 143 million tons.

In January 1975, the Soviets announced a plan to increase off-farm grain storage during 1976-80 by 40 million tons, including 34 million in grain elevators. The current draft plan apparently reduces the new elevator capacity goal to 30 million tons. However, this still far exceeds the construc-

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OUTPUT OF USSR AGRICULTURAL PRODUCTS, 5-YEAR AVERAGES, 1966-75, AND PLANS, 1971-80

Item	Quantity or value				Increase over previous 5 years			
	Actual		Plan		Actual		Plan	
	1966-70	1971-75[1]	1971-75	1976-80	1966-70	1971-75	1971-75	1976-80
Gross output:	*Billion rubles*	*Billion rubles*	*Billion rubles*	*Billion rubles*	*Percent*	*Percent*	*Percent*	*Percent*
1973 prices	[1]100.0	[1]113.0	[2]	[1]129-132	[2]	13	[2]	14-17
1965 prices	80.5	[2]	98.0	[2]	21	[2]	22	[2]
	Million Met. tons	*Million Met. tons*	*Million Met. tons*	*Million Met. tons*				
Grain[3]	167.6	180.0	195.0	215-220	29	7	16	19-22
Cotton (unginned)	6.1	7.7	6.8	[4]8.5	22	26	11	10
Sugarbeets	81.1	[5]76.0	87.4	95-98	37	[5]—6	8	[5]25-29
Meat[6]	11.6	14.1	14.3	15.0-15.6	24	22	23	6-11
Milk	80.6	87.5	92.3	94-96	24	9	15	7-10
Eggs[7]	35.8	[5]51.0	46.7	58-61	25	[5]42	30	[5]14-20

[1] Calculated from information on 1976 plan. [2] Not available. [3] Gross weight, including excess moisture and weight. [4] The announced target for 1980 is 9.0 million tons. [5] Calculated from 1971-74 data and 1975 estimates. [6] Including slaughter fats. [7] Billions.

Mexican Grain Crops Recover From 1974/75 Lows

PRODUCTION OF ALL of Mexico's major grains—corn, wheat, grain sorghum, and rice—and the particularly important food staple—dry beans—is expected to increase in 1975/76 from the low levels of the previous year.

CONASUPO, the Mexican food agency, estimates Mexico's total corn import requirements at 1.5 million tons (all tons are metric) for 1975/76 and believes that 700,000 tons of grain sorghum will be needed to meet the country's needs in the same period. Mexico might have an exportable surplus of 75,000-80,000 tons of rice and could have a small volume of dry beans for export, depending on the final crop outcome.

The United States will probably supply most of Mexico's imports of corn, grain sorghum, and all of its wheat, barley, and oat imports.

The crop increases are the result of higher support prices that led to larger plantings, more readily available credit, and a return of more nearly normal weather conditions after calendar 1974's excessive harvest-time rains and frost in some grain areas.

The wheat crop, most of which is already in the bin, is estimated at 2.65 million metric tons, up 20 percent from the 1974/75 level because of increased plantings and an improvement in yield. The support price for wheat was raised prior to the current harvest (May-June 1975) to a level of about $3.81 per bushel.

Consumption of wheat in the Mexican diet is increasing at a rate of 9-10 percent per year, however. This is expected to result in import needs of 500,000-600,000 tons to meet domestic requirements and hold stocks to a desirable level.

Corn production also is expected to show a tremendous volume jump in 1975/76, compared with that of a year earlier—1.3 million tons. The area devoted to corn was increased by at least 100,000 hectares and yields should show a marked improvement provided the good weather held until the harvest ended in November. Although there have been a few scattered drought reports, the corn crop is considered to be in good condition.

Total production is tentatively estimated at 9 million metric tons 17 percent above 1974's frost-damaged crop. Nonetheless, increasing population and rising incomes probably mean that Mexico will have a deficit for some years to come, hence the corn imports of 1.5 million tons.

The corn support price was increased in May to US$3.56 per bushel, which helped boost the 1975/76 output.

Sorghum production is currently estimated at 2 million tons, 8 percent greater than the previous season's. Earlier expectations were for a much larger outturn but hopes were dashed by drought conditions in the dryland area in the State of Tamaulipas, where the crop, harvested in June and July, was reduced by some 300,000 metric tons. This makes 3 consecutive years in which yields have been below average in Tamaulipas owing to a number of weather problems.

Sorghum production has been shifting somewhat during recent years from Tamaulipas to areas in Bajio and Sinaloa, where the harvest takes place in the fall. The support price was increased in June to the equivalent of US$3.35 per bushel.

This is an attractive price relative to corn because farmers can produce, on the average, 1.5 times as much sorghum as corn on irrigated lands. But the Government of Mexico is attempting to maximize grain production by preventing the shift from corn to sorghum on irrigated lands through restrictive policies governing irrigation water and crop insurance.

One result of these restrictions was an approximate 700,000-metric-ton deficit in grain sorghum. As of mid-August, 460,000 metric tons of this shortfall had been purchased: 300,000 from Argentina and 160,000 from the United States. A total of about 400,000 tons of grain sorghum is expected to come from the United States.

Edible dry bean production is expected to rebound to a level of 1.1 million metric tons, an 11 percent increase over the previous season's frost-damaged crop. Thus, it is likely bean imports for the 1975/76 season will be minimal.

The support price for the new crop has been set at the equivalent of 22 U.S. cents per pound. This has reportedly encouraged some farmers to plant beans on prime irrigated land that formerly had been in cotton and sorghum. As a result of this transfer, yields are expected to be much better than usual.

The Government-fixed retail price ceiling for beans is 6.5 pesos per kilo. However, CONASUPO recently announced it would begin selling beans through its 6,000 retail outlets across the Republic at prices ranging from 5-6 pesos per kilo, thus in effect subsidizing this staple commodity to the consumer.

—Based on report from
U.S. Agricultural Attaché,
Mexico City

GRAIN QUALIFICATIONS REQUIRED BY ECUADOR

Ecuador now requires foreign and national grain suppliers to file financial qualification statements. Suppliers failing to file such statements will be ineligible for participation in Government invitations to bid on wheat.

Based on its policy of accepting the lowest price offered, the Government has on at least one occasion found itself attempting to contract with firms that planned to deliver grain only if the price trend was such that the firm could profit by consummating the contract.

Although suppliers defaulting on contracts forfeit their bonds—usually $50,000—the Government emphasizes that it is more interested in assuring adequate supplies of grain than in collecting the guarantees from the contractors who might default.

Foreign suppliers are required to furnish company bylaws and names of responsible officers; bank references; evidence of financial status, including audited balance sheets for the past 3 fiscal years; government certification from country of origin as to firm's export experience in the past 3 years; information on firm's storage facilities, shipments, owned transport facilities, laboratories, membership in associations, and other pertinent documents.

The information is to be filed with the Ministry of Industry, Commerce, and Integration in Quito.

—Based on report from
Office of U.S. Agricultural Attaché,
Quito

Egypt Looks to Western World For More Farm Products

By JOHN B. PARKER, JR.
Foreign Demand and Competition Division
Economic Research Service

RIDING A NEW wave of peace and prosperity, Egypt is turning westward, particularly to the United States, for imports of food and technology to improve the diets and lifestyles of its 40 million people. As evidence: Egypt's imports of U.S. farm products in 1975 were headed for the $500-million mark—up from $343 million in 1974 and just $123 million in 1973. U.S. farm products now represent a third or more of all Egypt's agricultural imports—sharply above just a tenth between 1968 and 1972.

What are the factors that opened the floodgates of demand for agricultural products—especially U.S. products—in Egypt? Is this trend permanent, and if so, what can U.S. exporters do to capitalize on the growing market potential?

One key to Egypt's food buying is its higher purchasing power, which has its roots in the tremendous inflows of foreign exchange from oil-rich Arab neighbors for investments, loans, and development projects. With these higher earnings, Egypt has hastened to fill unmet needs for basic food items, propelling total farm imports to over $1 billion in 1974 from only $310 million in 1973. Long-pent demand remains strong for many other imported food items, however.

Political forces have played an important role in the ups and downs of U.S. agricultural trade with Egypt. The diplomatic break in 1967 caused U.S. farm exports to thud to an all-time low of $7.2 million in 1968.

By 1974, however, diplomatic ties had been renewed, U.S. supplies were more abundant, and favorable credit available, so that Egypt once again turned to the United States for large imports of wheat, wheat flour, corn, and other needed farm products. Consequently, in fiscal 1975 (July-June), Egypt moved into 15th place as a market for U.S. farm exports, ranking just under the USSR and ahead of the People's Republic of China.

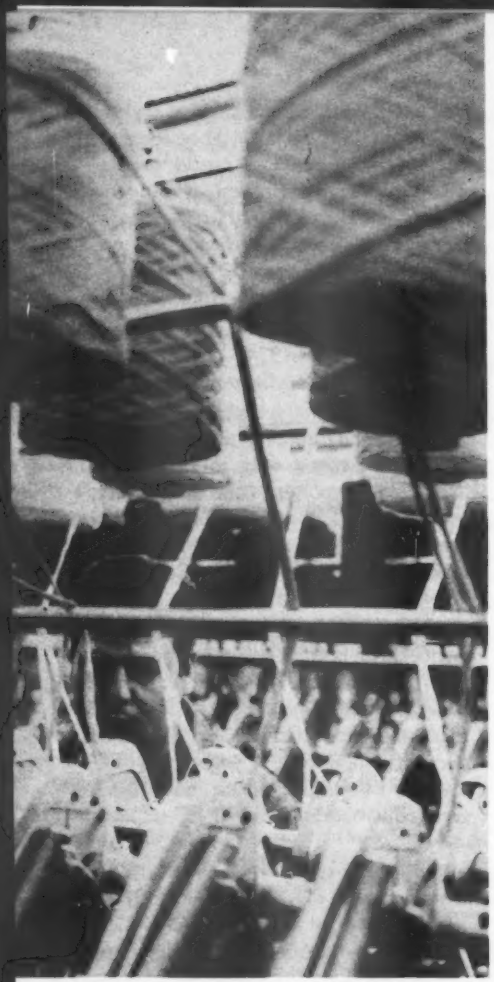
For 1975, Egypt's Government reportedly budgeted a substantial $2 billion for importing farm commodities. This estimate includes transportation and distribution costs, however, so that actual import value will probably be in the $1.5-1.6 billion range. Although U.S. farm exports to Egypt will be at an alltime high—perhaps $500 million—the U.S. share might edge down slightly, owing to strong imports of sugar from India and Latin America and livestock products from Europe and Australia. But for the next few years, U.S. exports should continue to climb, possibly moving up to as high as $1 billion by 1978.

A multitude of other factors now underlie the rampant demand for farm products. For one, Egypt is becoming a nation of urbanites—over 40 percent now live in cities, where incomes and purchasing power are rising rapidly. So are consumer expectations—as people move from farms to cities, they usually adopt diets containing processed foods or other foods new to them. Greater Cairo, for instance, now has a population of 8.6 million—about the size of Los Angeles—and is growing at the rate of over 350,000 annually.

The exodus from rural areas is linked to better pay and higher living standards to be found in cities. Almost half of all Egyptians still depend on agriculture for their livelihoods, but they receive less than a fifth of the national income. Since prospects for owning enough cropland to make a good living are slim, millions of rural residents are seeking their fortunes in urban areas. Urban per capita income in 1974 was about $450—double the rural average.

Diet improvement is evident from uptrending caloric intake. The average urban Egyptian will probably consume 2,680 calories a day this year, in contrast to about 2,350 in 1970. Diets in rural areas, however, contain about 10 percent less calories than those in urban centers—apparently because of the wide divergence in incomes. Lately,

High-quality Egyptian cotton, right, is spun into fine yarn. Below, tractor provides power for irrigating grain. Bottom, agricultural experts watch as new rice varieties are transplanted in a field experiment in the Nile Valley.



rural development projects and construction jobs have fattened the paychecks of many rural residents.

Egyptian Government policies are being aimed at providing more calories and proteins in average diets. These goals are reflected in recent trade policies, characterized chiefly by marked gains in grain imports and diminishing rice exports. Imports of sugar and semiluxury items have also moved ahead rapidly in the past year. In the last few years, Egypt has even allowed imports of cotton and rice—its two top farm export items. Imports of meat and pulses are soaring.

The more flexible trade policy is contributing to Egypt's economic growth. Egypt's gross national product was expected to approximate $11 billion in 1975—about a 7 percent rise. Increased trade was only part of the picture. Of course, strong economic stimuli are also being provided by rising foreign investments, expanding industrialization, and new services and activities related to the reopening of the Suez Canal. But the huge demand spurt for imports—especially consumer goods and industrial products—has pushed Egypt's trade balance far in deficit, with imports now running about three times higher than exports.

The majority of Egypt's agricultural imports are purchased by the Ministry of Supply, which handles almost all imported wheat, flour, corn, vegetable oils, tallow, sugar, and tea. Yet purchases by public companies—restaurants, hotels, and institutions—are also on the rise, primarily for the thriving tourist trade.

Domestic food policies are also aimed at improving diets. The Ministry of Supply, for instance, subsidizes sales of wheat flour, rice, vegetable oils, and other basic commodities to shopkeepers, who must then sell to consumers at relatively low fixed prices. As a result, Egyptian consumers now buy bread for about half the price of a U.S. loaf.

YET SUBSIDIZED food distribution is costing Egypt dearly. Losses on basic food items distributed by the Ministry of Supply were expected to reach $800 million in 1975. Subsidies on wheat alone increased from $300 million in 1973 to about $500 million in 1974.

To cover the staggering costs of food subsidization, two main sources of funds are employed: profits from public companies, which account for over 70 percent of Egypt's industrial output, and revenues from customs duties on tobacco imports. The import duty on leaf tobacco has risen progressively from $9.20 per kilogram in 1959 to $18.63 in 1967 to $23.29 in 1973.

But despite relatively high prices, cigarette sales have boomed in the past 2 years, providing extra revenues to subsidize sales of cereal products.

Egypt's domestic and foreign food policies are based on the recognition that it cannot be self-sufficient in food production, although numerous improvements in the agricultural sector are planned or underway. Egypt's cropland is limited by vast desert areas, which can be made to bloom only by extensive irrigation. The area under cultivation edged up from 5.9 million acres in 1968 to about 6.1 million in 1972. New cropland reclaimed from the desert near Alexandria, the Suez Canal, and Khargo Oasis may have pushed cultivated area to 6.4 million acres in 1975.

POPULATION growth is also outpacing farm output. Population, growing by about 800,000 annually, could double by the year 2000, say some sources. By the same token, agricultural output increased at an average annual rate of 2 percent during 1968-72, slightly below the population growth rate. Because of the rise in people to be fed, Egypt has just a sixth of an acre of cropland per person, compared with two-thirds of an acre 60 years ago.

Yet record wheat and corn crops in 1974 enabled Egypt to increase grain output by 4 percent to about 7.1 million tons. Most of the increase in grain production came from higher yields in older established farm areas with alluvial soils. Yields of wheat have been improved through the use of Mexican varieties and crosses between Mexican and native varieties. Average yields for wheat and rice in Egypt are now triple those for India.

Increased use of hybrid varieties and earlier planting allowed Egyptian farmers to improve corn yields slightly in the recent decade. Corn production increased from 2.1 million tons in 1965 to about 2.64 million in 1974. Cornbread and several native dishes made from corn are popular in rural areas, and corn meal mixed with wheat flour is used to make "balady bread" in some areas, both of which add to the rising

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EC's Use of Vegetable Oils Gaining Over Animal Fats

By WILLIAM C. TINKLEPAUGH
Foreign Commodity Analysis, Oilseeds and Products
Foreign Agricultural Service

THE EUROPEAN Community's increasing consumption[1] of vegetable oils is outpacing gains in animal fat consumption at a significant rate.

Even though 1974 vegetable oil consumption in the EC dropped below the trend of the past 10 years, the total was still a near record, and soybean oil consumption as a percent of total EC fats and oils consumption more than doubled between 1965 and 1974.

EC vegetable oil consumption amounted to 4.44 million metric tons in 1974, down 2 percent from the record total of 4.51 million tons in 1972 but a substantial 44 percent above the 3.06 million tons consumed in 1965.

Consumption of vegetable oil in the EC during 1975 is estimated at 4.5 million tons—about the same as in 1974 and about 150,000 tons below the 1965-74 trend. This leveling off is primarily a result of reduced world production in 1975.

Growing at an annual rate of 4.2 percent, EC vegetable oil consumption increased by about 145,000 tons annually between 1965 and 1974, while animal fat consumption in the same period increased by 42,000 tons annually—from 2.84 million tons in 1965 to 3.27 million tons in 1974—an annual growth rate of 1.6 percent.

EC consumption of all fats and oils —including fish oil—increased by 2.9 percent annually during the same period and reached 8.13 million tons in 1974 —an increase of 29 percent over the 6.29 million tons consumed in 1965.

Fish oil consumption fluctuated dramatically in the EC during this 10-year period, reflecting annual variations in the world anchovy catch. EC fish oil consumpton dropped markedly in 1974 to 431,000 tons from 514,000 tons in 1973, mainly because of the relatively small 1973 Peruvian anchovy catch.

EC countries in aggregate constitute the world's largest market for soybean oil. From 1970 to 1974 they took, on average, 40 percent of world soybean oil trade. In comparison, Japan—the largest individual country importer of soybean oil—took, on average, 17 percent of world soybean oil trade.

On an oil basis, the EC imported more than 2 million tons of soybeans and soybean oil in 1974—almost 46 percent of all world soybean oil imports.

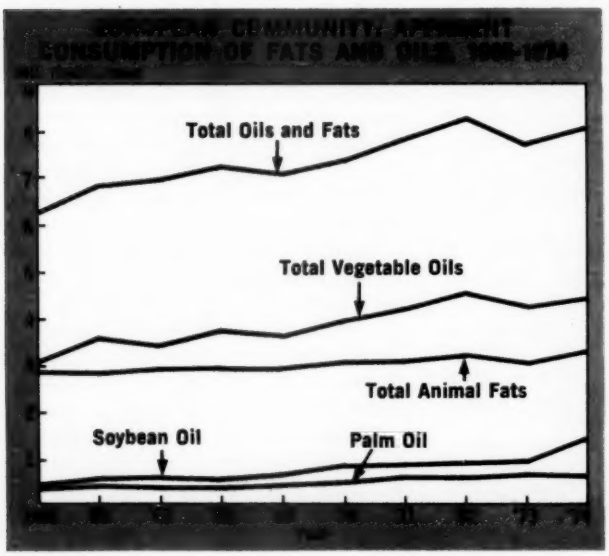
In addition to its position as the world's leading importer of soybean oil, the EC is second only to the United States as an exporter of this commodity. In 1974, the EC accounted for 42 percent of all world soybean oil exports—a singular achievement for an area that grows almost no soybeans.

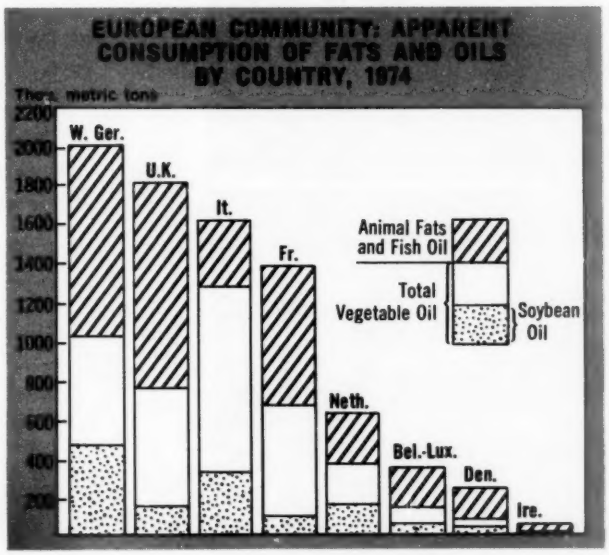
Historically, EC soybean requirements have been filled almost entirely by U.S. beans, but in recent years Brazilian soybeans have been making inroads into this market. In 1965, U.S. soybeans supplied 83 percent of EC soybean oil import needs, and Brazil supplied about 2 percent of EC requirements.

Although exports of U.S. soybeans to the EC have more than doubled from 505,000 tons (oil basis) in 1965 to 1.14 million tons in 1974, Brazil's exports to this market have increased even more dramatically—from a mere 12,000 tons in 1965 to 398,000 tons in 1974.

The U.S. share of the EC soybean market in 1974 dropped to 57 percent, while the Brazilian share increased to 24 percent. This trend could continue

[1] **Apparent consumption, calculated as production plus imports minus exports. Vegetable oils include soybean, sunflower, cottonseed, peanut, rapeseed, coconut, palm kernel, olive, and palm. Fish oil, lard, butter, tallow, and grease have been included to present a complete fat consumption picture.**





over the next several years as EC customers diversify their sources of supply.

Not only are U.S. soybeans facing stiffer competition from Brazil, but lower priced palm oil—especially from Malaysia—is increasingly competing with soybean oil in the EC. In 1974, the EC imported 674,000 tons of palm oil—more than double the 386,000 tons of 1965.

EC palm oil imports are expected to continue expanding as Malaysia's palm oil plantations gear up for new production records.

The EC's growing preference for vegetable oils over animal fats is clearly reflected in the shift from a 50-50 ratio in 1960 to a 58-42 ratio in 1974. However, large variations in the vegetable oil-animal fat ratio exist among EC countries. In 1974, Italy had the highest proportion of vegetable oil to animal fat consumption—80-20, with olive oil and soybean oil predominating.

Ireland had the lowest percentage of vegetable oil to animal fat usage—a 28-72 ratio. Between these two are the Netherlands, 72-28; West Germany, 57-43; France, 47-53; the United Kingdom, 46-54; Belgium-Luxembourg, 42-58; and Denmark, 42-58.

Soybean oil consumption, both as to volume and as a percentage, has shown the most dramatic growth among vegetable oils consumed in the EC. In 1974, soybean oil consumption in the EC surpassed 1 million tons for the first time, reaching 1.41 million tons, or 12 pounds of soybean oil for every adult and child in the EC—a consumption level that represents a 185 percent increase from the 494,000 tons consumed in 1965.

Per capita consumption of soybean oil was approximately 4.5 pounds in 1965—about 16 percent of the total per capita consumption of all vegetable oils in the EC. In 1974, per capita consumption had risen to 12 pounds, and was about 32 percent of all vegetable oils consumed in the EC.

From 1965 to 1974 per capita consumption in the EC of all vegetable oils rose from 27.8 pounds to 38 pounds—an increase of about 10 pounds per person. During the same period, animal fat consumption increased by only 2.2 pounds per person—from 25.8 to 28 pounds.

Per capita consumption in the EC of all fats and oils reached a record 71.9 pounds per person in 1972, dropped off to 66.7 pounds in 1973, and picked up again in 1974 to 69.7 pounds.

Per capita consumption of fats and oils in the EC is already high, and is likely to increase—although at a slower rate—in the next few years. The most important factor in determining the market share for any one oil probably will be the price of an oil in relation to competing oils—a relationship that will determine how U.S. soybeans will fare in competition with Brazilian beans and Malaysian palm oil.

Nigeria To Import Meat, Build Cattle Sector

Nigeria is—for the first time—going to import large quantities of meat. The country is also planning to spend the equivalent of about half a billion dollars in the next 5 years to develop its own livestock industry.

In the past Nigeria obtained about one-third of its meat supplies from regular drives of cattle from Niger and Chad. However, the livestock herds of these countries were decimated during the recent Sahelian drought, and in desperate circumstances, both Chad and Niger ordered a stop to the drives some months ago in order to build up herds.

Nigeria also lost many of its cattle as a result of the drought. But even before that time, animal meat was a relatively scarce item in the Nigerian diet. The Federal Department of Agriculture has estimated that in 1968/69 the national average daily supply of protein was some 59 grams per person, while the estimated minimum protein requirement is some 70 grams per day. Only 7 grams of the daily intake of 59 came from animal sources, while the recommended minimum requirement is 35 grams.

The Nigerian Federal Commissioner for Agriculture and Rural Development, in making the import announcement, said that monthly consignments of 500 metric tons of chilled meat would be airlifted into the country from Europe, Brazil, and Argentina from November through February. Thereafter, supplies would come by sea with shipments possibly being increased to 1,000 tons a month.

The Nigerian Livestock and Meat Authority has been commissioned to import the meat and distribute it by refrigerated trucks to local butcher shops. These in turn will sell the meat to the public at subsidized prices.

Nigeria's need to import meat will be long-term. Since the beginning of the century, its livestock sector has changed little except for better animal disease control and development of a commercial poultry industry serving the main urban centers. However, the expansion of the poultry industry is being retarded by the high cost of feeds.

Because of the prevalence of the tsetse fly, cattle production is restricted to Nigeria's northern states. The cattle are mainly zebu-type, owned by nomadic or seminomadic grazers. Modern production inputs such as fencing, veterinary hygiene methods, improved nutrition, and supplementary feeds are not widely used. Calving rates are low —40-50 percent—and growth to market maturity is slow, ranging generally between 4 and 5 years.

The Nigerian Government has given priority to buildup of the livestock sector in the 1975-80 Development Plan. Some $550 million has been allocated for this activity. However, there is a shortage of trained manpower to implement the plan. And even with adequate personnel, the transformation from traditional to modern livestock practices will be a slow, arduous procedure for many producers.

The demand for meat in Nigeria has increased greatly since 1968/69 because of the sharp jump in disposable income—a byproduct of the country's expanding petroleum revenues. Meat prices have risen steadily, especially since Niger and Chad announced their ban on cattle migrations into Nigeria. Meat prices in local Lagos markets have nearly doubled since October 1974. Local beef—mostly of low quality—sold in October 1975 at around $1.75 per pound, placing it out of the reach of most Nigerians.

Live cattle prices have also nearly doubled, encouraging herd owners to sell their animals, reportedly, including pregnant cows. The current animal offtake is estimated at 9 percent, compared with a growth rate of less than 2 percent per year.

—Based on report from
Office of U.S. Agricultural Attaché, Lagos

Peru's Agricultural Reform Program Picks Up Headway

By PAUL J. FERREE
Former U.S. Agricultural Attaché
Lima

PERU'S MILITARY leaders are taking apart the country's agricultural structure and rebuilding it from the bottom up as part of a revolution of social, industrial, and economic change that has been underway since the country's Military Government took power in October 1968. Several wide-sweeping laws concerning land ownership have been enacted, basic organizations have been established to handle their administration, and farmers in the lower income strata are being given a stronger political voice to encourage their participation. Additionally, the Government's land distribution program is getting into high gear.

(President Valasco, former Chief of State in the Military Government, retired last summer, but the land reform program is expected to continue.)

The goal of Peru's land reform program is to transfer by the end of 1976 ownership of some 24.7 million acres to currently landless farmers. This will affect an estimated 450,000 farm families that would otherwise have little chance of becoming landowners.

Prior to 1967, about 1.7 million acres had been expropriated by the Peruvian Government and distributed to about 60,000 families. From 1967 to 1974, the Government expropriated another 16 million acres, equivalent to 65 percent of the present 24.7-million-acre goal, and adjudication has been completed on 12.6 million acres—51 percent of the total. About 216,000 families had received land by the end of 1974.

Indemnification through 1974 for land, livestock, and improvements has amounted to about $275 million.

Although nominal reforms were undertaken under previous regimes, the Military Government inherited a situation where significant labor exploitation and a feudal-like system continued to exist side by side with problems of latifundio-minifundio imbalance. (Latifundio-minifundio refers to the ownership of most land in huge tracts by a few families, with ownership of the balance by many families in small tracts.)

A land tenure study in 1961 showed that of some 44.4 million acres in farms, 0.4 percent of the units took up 76 percent of the land area, while another 83 percent included only 5.5 percent of the land.

Good cropland is limited since much of Peru is either arid sand, high plateau and mountainous terrain, or humid jungle. With only about 7.4 million acres in cropland, Peru has about one-half acre per capita—one of the lowest land coefficients anywhere in the world.

The military leaders believed that the existing capitalistic system neither strengthened the country's production base nor provided for improvement in the social or economic status of the rural population.

AGRARIAN REFORM Law No. 17716 was enacted on June 24, 1969, putting into motion one of South America's most uncompromising land reform programs. This was only the first of several decrees intended to eliminate the latifundio structure and to build up agricultural associative enterprises. These are worker-managed, cooperative-type organizations that receive Government assistance in management training, planning, and marketing.

Although the reform recognizes the existence of family operations within certain acreage limits, land ownership by associative enterprises will be Peru's predominant system of tenure in the future.

The Production Cooperative is the form of organization most preferred and most common under the Agrarian Reform Law. Cooperatives usually maintain intact the original production unit as a worker-managed enterprise, as has been done with former sugar estates throughout the country.

Next, in terms of family numbers and total area, are the Agricultural Societies of Social Interest (SAIS)—a model unique to Peru. An SAIS may include several cooperatives and campesino communities managed by a council of delegates that directs a portion of cooperative profits into community improvements and expansion of rural employment opportunities.

Associative groups may combine a number of holdings as a precooperative for better planning and marketing, but without centralized management.

Campesino communities are formed where existing but loosely organized tribal mountain settlements accept some aspects of the agrarian reform program as a first step toward fuller economic participation. (A campesino is an Indian farmer or farm laborer.)

The Government is currently assessing these enterprises with the idea of possibly restructuring some of them. It is also developing another model patterned after the Yugoslav "kombinat." Three such livestock, dairy, and poultry complexes should be operating by late 1976.

Following passage of the Reform Law, a companion Water and Irrigation Law eliminated all previous water privileges and rights, decreeing that this resource was henceforth under State control. Other related land reform decrees followed which set up an Agrarian Tribunal, regulated conversion of farmland into urban developments, granted titles to renters of small plots, and extended reform measures to tribal communities and settlements in the jungle regions.

A National System for Assisting Social Mobilization (SINAMOS) was initiated to help make campesinos aware of their social and political responsibilities. An Agricultural Reform Center for Training and Investigation (CENCIRA) was established to prepare farm workers for management positions in cooperatives and to analyze the progress of the reform program.

In addition, a special office for the promotion of campesino organizations has been added to the reorganized Ministry of Agriculture.

Institutional changes were made in agricultural universities and experimental stations, so they could better serve the new social structure.

The Agricultural Development Bank (BFA) was reorganized to provide

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more financing at preferential interest rates to associative enterprises.

Another decree dissolved the existing National Agrarian Society, the National Livestock Association, and affiliated organizations of large landowners, and set forth the pattern for the National Agrarian Confederation (CNA)—a body made up of campesinos and remaining private landowners. All of these steps were taken to break up the landowning oligarchy and turn over the responsibility, as well as the fruits of production, to those who work the land.

The economic and social organizations on which Peru bases its new rural structure are designed to reach everyone associated with agriculture, even in the most remote parts of the country, although land reform itself has thus far had only nominal application in the jungle regions. Geographically, the reform program is administered through 13 Agrarian Reform Zones. It is from these zonal offices that extension services and credit are made available, and planning instructions are disseminated.

Some 56 Central Cooperatives have already been created to coordinate product sales and supply procurement. Integral Projects for Rural Settlement (PIAR)—another type of unit—are designed to interrelate diverse agrarian structures in specific valleys or Provinces and coordinate production, processing, and marketing.

Over 100 PIARs are functioning and others are under study. The next stratum for economic integration at the Departmental level is the Integral Development Project (PID), two of which are now being formed.

The Government is trying—with SINAMOS help—to make CNA a political force representing rural Peru. Rather than serving only a few thousand large landowners, the CNA now incorporates around 1,400 basic enterprises and claims to speak for over 3 million cooperative shareholders, campesino communities, small- and medium-sized farmers, and even landless workers.

The CNA is a pyramidal structure, incorporating several cooperatives or independent farmers into a Zonal Committee, a number of committees into a Regional Agrarian League, and these into a Departmental Federation, with the latter combining to form the National Confederation.

Following the military revolution in Peru, most large landowners have accepted the reforms as irreversible and many have abandoned agriculture entirely. Some, because of a basic commitment to farming, chose to reestablish themselves in agriculture in neighboring countries.

But workers who took over the expropriated farms found that mere possession did not solve all of their problems. Some of the properties were run down and deficient in equipment and livestock. Because of the uncertainty existing during the months prior to expropriation, the original owners sold off much of their movable property and postponed planned improvements.

FURTHER, MOST of the campesino managers were not trained to make the necessary operational decisions and there was a general shortage of credit and supplies. Extension specialists found themselves too occupied with land transfer problems to provide much guidance to the neophyte managers.

Some cooperative members preferred to own their own plots and began to question the validity of the program when cooperatives were being formed and income was low. Other workers on poorer cooperative farms, and those without land, questioned the justice of the program when they saw members of well-established cooperatives receive sizable dividends at yearend in addition to their normal salaries.

In general, however, Peru's agrarian reform program has proceeded without violence and apparently presents few problems that cannot be ironed out with the passage of time. Agricultural output has continued to increase slightly since the program's inception, although the increased number of workers apparently has caused per capita production to fall.

Also, some observers are uncertain whether the country's private farming sector—made up of small- and medium-sized landholders—will survive as the Government continues to emphasize social enterprises. There is also serious doubt whether the Peruvian-style cooperative will bring forth the increased agricultural production so necessary to feed the country and to provide for future exports.

On the other hand, Government spokesmen are confident that associative enterprises provide the best production base to enable Peru to grow sufficient food, and that active campesino participation in land ownership and political activity will provide incentive for them to enthusiastically support the Government's program.

Authorities also believe Peru's new social structure will provide for more efficient application of planning programs and technology to solve the country's problems.

Upland villages such as this will undergo great changes as Peru's agricultural reform program reaches more of the population.

Egypt's Agricultural Imports

Continued from page 7

need for importing corn.

These reasons then have created the climate of high demand for agricultural products now sweeping Egypt. Although a measure of the import growth has resulted from skyrocketing commodity prices, volumes have chalked up astounding advances. For example:

- Recorded wheat imports doubled from 1.5 million tons for $140 million in 1973 to some 3 million valued at $595 million in 1974. At the same time, wheat flour imports increased by about 500,000 tons, going from $27 million to $75 million.
- Corn imports scored more than a tenfold value increase in 1974—soaring to a record $68.2 million. Quantity vaulted to 500,000 tons in 1974 against 1973's 67,000 tons.
- Vegetable oil imports zoomed from $28.5 million in 1973 to $96.4 million in 1974, when quantity doubled the 78,000 tons of 1973.

Egypt's demand for imported farm products showed no sign of slackening in 1975. For U.S. exports, steady growth occurred in basic commodities, with Egypt tending to diversify its purchases to include many new items, even including cotton.

U.S. **wheat** exports, for example, reached some 1 million tons in 1975 for about $165 million—up from only 425,000 tons in 1973 for $43 million. And Egypt is second largest U.S. market for wheat flour, following Saudi Arabia. Wheat flour exports may have exceeded 120,000 tons in 1975—triple the 1974 volume. A market could exist for U.S. wheat flour containing small quantities of wild onion seed for use in the popular garlic bread, which would enhance prices for this wheat from farmers in many southeastern states.

U.S. exports of **cottonseed** oil to Egypt jumped from 92,500 tons for $30.5 million in 1973 to 127,000 tons for $75.2 million in 1974, and shipments in 1975 are estimated at 190,000 tons for about $100 million. Egypt accounts for about 40 percent of U.S. exports of cottonseed oil and these shipments, in turn, make up almost 90 percent of Egypt's imports of vegetable oils.

U.S. **corn** exports to Egypt increased from 180,000 tons for $15.9 million in 1973 to 465,500 tons for $60.6 million in 1974. Further growth, perhaps to over 500,000 tons, was underway in 1975. Plans to commercialize dairy and poultry operations have boosted the demand for imported corn.

U.S. **tallow** exports to Egypt in 1975 rose an estimated 20 percent above the 96,400 tons shipped in 1974 for $45.8 million. Imported tallow is needed for Egypt's rapidly expanding factories where soap and cosmetics are produced. Egypt's exports of these products to the Soviet Union reached $20 million in 1974.

U.S. **tobacco** exports to Egypt might have reached 8,000 tons in 1975 for about $22 million—up from 5,586 tons in 1974 and only 1,068 tons in 1973. In June 1974, the United States signed a Title I, P.L. 480 agreement with Egypt for about 4,200 tons of tobacco valued at $10 million, thus opening P.L. 480 deliveries, which had ended in 1967. A new P.L. 480 agreement was signed in recent months, providing for exports of 4,200 tons of U.S. tobacco worth $15.8 million, to be delivered during fiscal 1976.

The United States sent 20,000 bales of **cotton** to Egypt in mid-1975 for $4.4 million under CCC credits. Plans called for importing short-staple U.S. cotton for use in domestic textiles to release more of the valuable Egyptian extra-long-staple for export. The plan backfired to some extent, however, since Egyptian cotton prices in 1975 were much higher than those for Sudanese long-staple cotton.

Some other items new on Egypt's shopping list included walnuts, grapefruit, soup, and certain canned vegetables. New supermarkets rising in duty-free zones are likely to spur imports of new U.S. processed foods in the future.

EGYPT'S IMPORTS of U.S. dry milk for school lunch programs are likely to reach $1 million this year. Some other new products—like soybean products and wafers for school feeding programs—could be included in the future.

On the other hand, Europe and Australia are supplying most of Egypt's booming imports of meat and dairy products, but U.S. frozen turkeys should soon begin to make their mark.

Egypt has also begun to show strong interest in purchasing corn syrup from U.S. firms owing to a new process for using it in soft drinks and other products.

New Soviet Plan

Continued from page 4

tion of about 17 million tons of elevator capacity during 1971-75. Output by State mixed-feed enterprises will continue at past expansion rates.

The draft plan gives few insights into farm prices, except to state the continuation of the policy of fixed-price contracts on a base-level of planned sales of agricultural commodities, with premium prices for sales above the base level. The plan also states that policies will be continued to ensure stable retail prices on major food and nonfood goods.

Among broad provisions of the plan is a slowdown in the economic growth rate. USSR national income (net material product) is scheduled to grow 24-28 percent by 1980, compared with a planned 39 percent—and attained 28 percent—during 1971-75.

Gross industrial output is slated to rise 35-39 percent, compared with 47 percent planned and 43 percent attained during 1971-75. Much of the slowdown will occur during 1976 with industrial expansion targeted at only 4.3 percent —the slowest pace since World War II. Assuming attainment of the 1976 goal, however, annual rates will have to pick up to 6.6-7.4 percent to meet the FYP goals. These rates are comparable to the 7.4-percent yearly industrial growth of 1971-75.

Deceleration of growth is much more apparent in goals for consumer goods than those for producer goods. By 1980, industrial output of consumer goods is targeted to rise 30-32 percent—down from the 37 percent attained between 1970 and 1975. The goal for that earlier period was set at 49 percent—higher than for producer goods.

All in all, the draft 1976-80 plan seems relatively realistic in the agricultural sector in terms of matching outputs with resources. The plan, however, seems to call for considerable restraint on the part of the Soviet consumer and may result in an aggravation of repressed inflation. The sum effect on Soviet agricultural trade, assuming better weather than in the past 5 years, is likely to be a less strong demand for grain imports, with perhaps a strengthened demand for the USSR's livestock product imports.

But then weather is rarely normal. Actual trade is likely to continue to be greatly affected by weather, at least during the next several years.

CROPS & MARKETS

GET SPOT NEWS MORE PROMPTLY

To bring you production and trade news more promptly, the information now included in the Crops and Markets section of *Foreign Agriculture* will be discontinued in early February as a section of the magazine and will be carried instead in the *Weekly Roundup of Production and Trade*, published each Tuesday. If you wish to receive the *Weekly Roundup*, which is free of charge (to U.S. residents only), please fill out and mail in the coupon on the back page.

—GRAINS • FEEDS • PULSES • SEEDS—

Thailand Increases Rice Export Effort. Thailand, in a move aimed at stimulating rice exports by making prices more competitive with those of other Asian suppliers, will abolish export premiums levied on exporters of rice and has already halted the setaside program under which exporters were obliged to sell rice to the Government at below-market prices. Both programs provided much-needed revenue, but have been blamed for the high offering prices of Thai rice and inactivity of rice export trade over the past few months.

Rotterdam Grain Prices and Levies. Current offer prices for imported grain at Rotterdam, the Netherlands, compared with a week earlier and a year ago:

Item	Jan. 9	Change from previous week	A year ago
	Dol. per bu.	*Cents per bu.*	*Dol. per bu.*
Wheat:			
Canadian No. 1 CWRS-13.5	(1)	(1)	5.96
USSR SKS-14	(1)	(1)	(1)
French Feed Milling [2]	3.63	+12	(1)
U.S. No. 2 Dark Northern Spring: 14 percent	5.02	+13	5.88
U.S. No. 2 Hard Winter: 13.5 percent	4.44	+ 3	5.72
No. 3 Hard Amber Durum	5.55	+ 8	7.59
Argentine	4.33	+14	(1)
U.S. No. 2 Soft Red Winter	3.86	+19	(1)
Feedgrains:			
U.S. No. 3 Yellow corn	3.00	+ 3	3.86
French Maize [2]	3.35	+ 1	
Argentine Plate corn	3.71	+16	4.49
U.S. No. 2 sorghum	3.00	+ 5	3.87
Argentine-Granifero sorghum	3.08	+10	3.99
U.S. No. 3 Feed barley	2.89	+ 2	3.82
Soybeans:			
Brazilian [3]	5.20	+ 4	(1)
U.S. No. 2 Yellow	4.92	+ 8	7.50
EC import levies:			
Wheat	1.24	+ 2	0
Corn	1.09	+ 3	.07
Sorghum	1.05	+ 3	.13

[1] Not quoted. [2] Basis c.i.f. west coast, England. [3] May delivery. NOTE: Price basis 30- to 60-day delivery.

USSR Plans Increased Milk Output. The USSR's 10th 5-year plan, to be offered for adoption in February, will call for an average annual milk production of 94-96 million metric tons compared with 92 million—estimated for 1975. A decline from the 1975 level is expected for 1976, reflecting tight Soviet feed supplies.

Iran To Import More Broilers. Iran has signed additional contracts for broiler imports with poultry suppliers in West Germany and the Netherlands, with each to supply about 2,000 tons. Early in 1975, Iran contracted for delivery of 3,000 tons of broilers from West Germany and 2,000 tons from the Netherlands. These deliveries were completed by August.

Large Dairy Projects Planned for India. Financial commitments for dairy development projects in India are prompting an interest in supplying cattle for the projected herds. Six projects are to be financed by the World Bank. Of these, the three that are furthest advanced involve $74 million in Bank commitments, while the amount of support for the remaining three has not yet been determined. In addition, the Swiss Government is financing dairy projects in Kerala and Punjab.

Austria Adopts Cheese Export Policy. Austria in recent months has been reducing subsidies for export of cheese to the United States in order to forestall U.S. countervailing duty actions against those exports. Complete elimination is expected in 1976 of the remaining subsidies on Austrian cheese exports to the United States. U.S. imports (mostly Emmenthaler) from Austria in January-November 1975 were 6,402 metric tons, 91 percent of the year-earlier quantity.

EC Proposes 1976/77 Price Package. The EC Commission on December 11 proposed its 1976/77 price package, which includes provision for an average 7.5 percent increase in EC farm support prices. The Commission also recommended a number of significant measures for the dairy and beef sectors. The dairy proposals include replacement of the nonfat dry milk (NFDM) intervention price by a guide price, effective September 16, 1976; obligatory incorporation of 2 percent NFDM in animal feed; granting of subsidies of 15 units of account per 100 kilograms for production of whole milk powder; donation of 200,000 tons of NFDM for food aid; and payment of direct subsidies to producers for withholding of milk.

For beef, the Commission has proposed certain changes in the operation of the intervention price system, including a slight widening of the spread between the intervention and the guide price and the phasing out of slaughter premiums.

Switzerland To Import U.S. Beef. The Swiss Government has notified all Swiss meat importers that the import quota for 300 tons of U.S. beef has been reinstated on an annual basis, effective January 1, 1976.

United States, Canada End Beef Trade Curbs. The United States and Canada agreed to remove quota restrictions on beef and veal trade, effective January 1.

U.S. restrictions on imports of Canadian beef were imposed in November 1974 in retaliation for restrictions imposed on imported beef by Canada 3 months earlier.

OILSEEDS • PRODUCTS

Oilseeds, Meals Imports Up in Six Major Markets. Combined imports of oilseeds and meals into six major markets during January-October 1975 totaled 11.9 million metric tons (soybean meal equivalent)—up 2.8 percent or 327,000 tons from the same 10 months of 1974. The gain is equal to the protein fraction of 15 million bushels of soybeans and reflects increased feeding rates resulting from relatively low meal prices in relation to grain, although livestock and poultry numbers in some countries have declined. The increase largely reflects expanded movements to West Germany, Spain, and Denmark, partly offset by smaller imports into Japan and France.

Imports in September-October at nearly 3 million tons were 41 percent above those in the comparable months of 1974. In October, imports totaled 1.4 million tons, 22 percent above those of October 1974.

Imports of soybeans and meal into the same six countries through October 1975 totaled 8.4 million tons (meal basis), 27,000 tons above those of the same 10 months in 1974. Imports of soybeans and meal during the 1975 period accounted for a slightly reduced proportion (70 percent) from the 72 percent of the total during the 1974 period. The reduced proportion reflected increased imports of fish, cottonseed, and copra meals. The U.S. market share declined in all of the six countries except Spain.

A continued strong gain in meal imports into the major importing countries is expected in the coming months. Furthermore, soybean meal is expected to account for a larger proportion of the total because of sharply increased availabilities at competitive prices.

NET IMPORTS OF SOYBEANS AND MEAL AND TOTAL OILSEEDS AND MEALS INTO SELECTED MAJOR MARKETS[1]
(In 1,000 metric tons)

Country	Period	Soybeans and meal		Total oilseeds and meals	
		1974	1975	1974	1975
Japan	January-October	2,236	2,051	2,835	2,632
West Germany	January-October	2,052	2,327	3,167	3,642
France	January-October	1,587	1,465	2,106	1,977
Spain	January-October	1,170	1,323	1,361	1,504
United Kingdom	January-October	768	665	1,232	1,224
Denmark	January-October	542	551	886	928
Total		8,355	8,382	11,580	11,907
Change from previous period			+ 27		+ 327

[1] Expressed in 44 percent soybean meal equivalent.

U.S. Imports of Palm and Coconut Oil Up. During October-November 1975, combined imports of coconut and palm oil increased to 524 million pounds—more than double the 228 million imported in the same 2 months of 1974. Palm oil imports, largely from Malaysia, increased to 244 million pounds, 143 million of which moved in November. This represents a new record monthly volume.

Cumulative imports of palm oil in the 2 months increased by 139 million pounds. Coconut oil imports rose to 280 million pounds, 155 million above those in October-November 1974. November imports, at 178 million pounds, were four times the previous year's volume of 45 million.

The combined import volume during October-November 1975, at 524 million pounds, represents the oil fraction of nearly 50 million bushels of soybeans, compared with only 21 million bushels and 20 million, respectively, in the comparable months of 1974 and 1973.

FRUIT • NUTS • VEGETABLES

Deciduous Markets in Europe Good. Export prospects are improved for U.S. fresh pears and grapes because of the lower 1975 production in most European countries relative to that of a year earlier. In contast, the European supply of apples is in abundance, causing depressed prices.

Production of pears and grapes in the Netherlands during 1975 was down substantially (56 percent) from that of 1974. Current pear prices at the wholesale level are the equivalent of 21 U.S. cents per pound. Prospects for imported pears are considered moderately good. The winter market for fresh grapes in the Netherlands appears good because Spain, the main supplier and primary U.S. competitor, reportedly had a sharp drop in 1975 grape production.

Norway's 1975 crops of apples and pears declined by 23 and 31 percent respectively, from those of a year ago, to 41,300 and 8,000 metric tons. Indications are that the opening date of apple imports may be early—around January 15 or 20, compared with the normal date of February 1. Despite this situation, U.S. prospects for apples are nil because of the transportation disadvantage and the large European supply. On the other hand, U.S. pear prices, duty paid, c.i.f., are considered somewhat attractive relative to other European suppliers.

The 1975 pear crops of Sweden and Denmark were down by 42 and 12 percent from those a year earlier, respectively, amounting to 12,000 and 8,100 tons. Consequently, U.S. export prospects are good, but volume moved is likely to be only slightly larger than in the year earlier. Prespects for U.S. exports of grapes to the Danish market appear better than those for pears, as chances of a boycott at the retail level declined.

Japan Sets Orange Juice Import Quota. Japan has set a global quota of 650 metric tons (5-to-1 concentrate basis) of orange juice for the current Japanese fiscal year (April 1975-March 1976).

The quota for the previous year was 1,000 metric tons, including a 350-ton special quota for Kyodo Kaju (Joint Juice Co.) to be blended with domestic satsuma (mikan) juice. However, the Kyodo Kaju blending plant has not been constructed and the 350 tons is being held in bonded storage.

As in the past, the 650-ton quota will be divided among four domestic organizations. Specific amounts to be allocated have not yet been decided. A decision for the continuance of the 350-ton special quota for the current fiscal year has not yet been reached.

Spain's Processed Tomato Output Up. Spanish production of processing tomatoes in 1975 was recorded at 800,000 metric tons, 23 percent above the 1974 level because of expanded area. The large 1975 crop and the reluctance of proc-

essors to pack all of this large crop resulted in conflicts between growers and processors. The Government intervened and provided loans to processors so they could pay minimum prices ranging from $39.30 to $44.40 per ton. However, preliminary reports indicate that grower prices aveaged $59.15 pe ton, compared with the revised 1974 average of $64.30 per ton.

Roughly half of 1975 processing tomato crop was processed into paste, yielding 75,000 tons—36 percent ahead of the year-ago level. The output of canned whole tomatoes was estimated at 185,000 tons, up from last year's level by 6 percent.

The marketing situation appears dim for the 1975 pack because both the export and domestic markets are depressed: The U.S. pack is at a record level, major export outlets in Western Europe are slow, and higher final product prices are resulting from inflationary pressures. Tomato paste exports are likely to be down to about 25,000 tons, a drop of 28 percent compared to a year ago. Carryover into the 1976 season is likely to be larger than normal.

Spain Reports Record Table-Olive Harvest. The Spanish Ministry of Agriculture places the current table-olive crop at a record high 180,000 metric tons, 93 percent above last year's crop of 93,000 tons. The new-crop olives reportedly are of good quality but many are undersized because of dry weather during the growing season. Exports in the 1974/75 season dropped nearly 30 percent to 56,000 tons from the 80,000-ton level achieved the previous year. About 56 percent of Spanish olive exports are shipped to the U.S. market. Exports in the 1975/76 year are projected at 70,000 tons.

According to trade sources, domestic consumption of table olives in the 1975/76 year is expected to increase by nearly 70 percent to more than 100,000 tons, compared with 50,000 tons in 1974/75, absorbing much of the record harvest. Stocks on hand at the beginning of the 1975/76 season are estimated at about 1,000 tons of "other export variety," compared with about 23,500 tons a year ago. New crop prices are not available, but because of the record crop, sharp increases are not likely. It is believed that a schedule

Greek Citrus Support Payments Upped. The Greek Government recently announced a price support program for oranges and tangerines destined for fresh export and for processing. Under the program, the Government will pay to growers the difference between the Government-set guaranteed price and the price actually received from buyers. Buyers must pay orange growers a Government-set minimum price, which depends on the variety and whether the oranges will be exported or processed. The support measures will cost the Greek Government an estimated $13.5 million for oranges and $270,000 for tangerines.

TOBACCO

EC Proposes Higher Tobacco Support Prices. The EC Commission has proposed average increases of 5 percent in target and intervention prices and 8 percent in buyers' premiums (price rebates to purchasers) for 1976-crop tobaccos. The proposed price increases range from 1 percent for dark Italian varieties—which are in weak demand—to 6 percent for French varieties. Proposed increases in buyers' premiums range from no change for Italian orientals—for which market prices currently are well above target prices—to 15 percent for flue-cured.

EC's Boosts Preferential Tobacco Import Quota. The EC Council has approved the Commission's proposal renewing and increasing the preferential EC import quota for unmanufactured tobacco. The quota, increased for 1976 by about one-fourth to 38,000 metric tons, applies to flue-cured tobacco valued at less than 280 units of account for 100 kilogram. Imports within the quota are subject to a duty of 10.5 percent—less than half the most-favored-nation rate.

Imports under the quota are allocated by share to each Member State. The U.K. share is about 61 percent of the total, and West Germany's is 11 percent. India is the major beneficiary, supplying most of the U.K. share. Other key tobacco exporting countries eligible for preference include Brazil, South Korea, the Philippines, and Mexico.

U.K. To End Some Cigar Import Quotas. On January 1, 1976, the United Kingdom will lift import quotas on cigars from the United States, Canada, and countries of Central and South America. Effective that date, cigars imported from the so-called dollar area no longer will be subject to annual value limitations.

The quotas, imposed following World War II to conserve U.K. dollar reserves and continued in later years ostensibly to foster trade with Caribbean Commonwealth countries, for many years restricted imports to not more than £30,000 annually. The quota was increased to £50,000 in 1964, to £100,000 in 1972, and to £200,000 in 1974.

U.S. cigar exports to the United Kingdom which have risen in line with quota liberalization, exceeded $500,000 in 1974 and again in 1975. With the quota lifted, exports next year are likely to expand further in spite of heavy tobacco taxation, restricted incomes, and U.K. adoption of the EC's high import duty on cigars.

COTTON

1974/75 World Cotton Exports Fall. Depressed world textile demand reduced 1974/75 world cotton trade to the lowest level in 6 years as supplies built up to a post-World War II high. World cotton exports in 1974/75 declined to about 17 million bales, 18 percent below record shipments in 1972/73. A reduction in shipments from non-Communist countries of 2.7 million bales was only slightly offset by an increase in Communist country exports of 225,000 bales. U.S. cotton exports of 3.9 million bales, down 2.2 million from those of 1973/74, were severely retarded by contract disputes that delayed some deliveries into the 1975/76 season.

Gradual economic recovery in most international markets should improve cotton demand in 1975/76. Improved demand is already evident in some Far Eastern countries. However, broader offtake is not expected until mid-1976 in Japan and late 1976 in Western Europe. Consequently, world cotton exports in 1975/76 are forecast to rise only modestly above the 1974/75 level to 17.7 million bales. Foreign non-Communist exports, predicted to increase 1.2 million bales, should account for all the upswing, while Communist shipments remain relatively unchanged. U.S. trade, however, is expected to decrease by from 400,000 to 900,000 bales from 1974/75.

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Yugoslav Food Import Needs Lowered

Yugoslavia's prospects for increased 1976 exports and decreased imports of farm products have been boosted tremendously by 1975 crop outturns.

While the 1975 wheat harvest was 30 percent below that of 1974, no imports of wheat are foreseen. On the other hand, a record corn crop of about 9 million tons may make upwards of 300,000 tons of corn available for export.

Most of Yugoslavia's corn exports traditionally go to West European countries, with which Yugoslavia has been experiencing a deteriorating trade balance in past months.

Other Yugoslav crops were especially favored in 1975. A record tobacco crop of 70,000 tons should enable an increase of oriental tobacco exports by up to 3,000-4,000 tons, as well as the virtual elimination of large leaf imports.

The sugarbeet crop reached a record level of about 4.4 million tons, or 532,000 tons of sugar on a refined basis —70,000 more tons than were produced in 1974.

An improved Yugoslav sunflower crop of 340,000 tons should yield about 18,500 tons more domestic edible oil than in 1974. Together with increased domestic production of soybeans, imports may be cut by more than 20,000 tons in what has been Yugoslavia's most costly agricultural import category—animal and vegetable fats and oils.

While no alleviation of the situation in the livestock sector can be counted upon, the Yugoslavs remain optimistic for the long term. Their plans presuppose recovery and business as usual, and this position is reflected in slowing rising livestock numbers.

—MILES LAMBERT, ERS.

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AID Grant Helps Nigeria Expand Cereals Crops

Nigeria, with the assistance of a $5.9 million grant from the U.S. Agency for International Development, is working toward self-sufficiency in millet and sorghum by 1980. Harvests of these grains are projected to reach 200,000 tons above the annual national production average of 1.1 million tons over the next 5 years.

Program components include technical assistance in research, seed multiplication, cooperatives and credit, and agricultural extension services.

About 20 Nigerians are to go to the United States during the next 3 years for advanced university studies in agricultural sciences. Another 20 are to be trained in Africa and third countries, and more than 400 are to be trained on the job.

Nigeria is creating a National Cereals Office to coordinate the development program.

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